

August 20, 2012

## **OIL SANDS INFORMATION BULLETIN 2012-13**

### **Subject: Non-Project Well Royalty Reporting Process Change**

This Information Bulletin continues the department's efforts to keep oil sands operators updated regarding the department's process automation initiative, the Oil Sands Administrative and Strategic Information System (OASIS) Project, and outline the process changes to Project and non-Project royalty reporting. The process change for Project royalty was partially implemented in February 2012, when Project royalty reporting began using the new reporting templates and new submission process. The remaining process changes for Project royalty will be implemented at the start of the 2013 reporting period ([Information Bulletin 2012-12](#)). The process change for non-Project royalty has not been implemented yet and now will begin at the start of the 2013 reporting period.

The new non-Project well royalty (NPR, formerly known as PSR) reporting process was introduced to industry at the OASIS Discussion Forum in March 2012, after concepts were discussed with a group of industry participants. Discussions on process details continued at OASIS sessions thereafter ([OASIS Development Updates](#)). Operators who are unfamiliar with the new process may want to review past presentation materials from the OASIS information sessions.

**Effective the beginning of 2013 reporting period (calendar month February 2013), the key process changes for operators will be the following:**

#### **New Reporting Format**

In support of the department's long term vision for system to system exchange of data, and the increasing industry standard towards information exchange in XML format, the non-Project Well Royalty submissions (NPR submissions) will change from the current [Conventional Oil Sands Royalty Reporting Form](#), which is in Excel format, to the new XML file format. To aid operators with this transition, the department also will supply an XML Alternative template in Excel format to facilitate data population. The NPR submissions in the XML Alternative will then be converted to the department's prescribed XML schema upon processing in OASIS. The XML schema will also be available to operators who wish to create their own XML files. File validation edits will also be provided.

The XML Alternative is not a template for royalty calculation, as in the current Conventional Oil Sands Royalty Reporting Form. The department will not be maintaining the Conventional Oil Sands Royalty Reporting Form with the new NPR reporting process. Operators first will have to calculate and value the Crown royalty share and then use this information to either populate the XML Alternative template or create the XML files.

## **New NPR Submission Process**

NPR submissions, in either XML Alternative (Excel format) or XML file format will be integrated with the current project royalty submission process and will be submitted through the Oil Sands Royalty Reporting feature in ETS, rather than the ETS Correspondence feature.

## **NPR Submission Reporting Requirements**

Operators should be aware of the following reporting requirements:

1. The current operator is responsible for all royalty reports and for the resolution of any outstanding reporting discrepancies, including amendments for periods prior to their operatorship.
2. Full form submission is not required with the new submission process. For prior period amendments, operators only need to include the amending wells.
3. There is no need to report each production month or to report scheme and non-scheme wells in separate files. The new submission format allows all wells and production months to be included in a single file. Multiple file submissions also are allowed.
4. Non-Project bitumen producing Crown wells (well type C,D, E or F, and fluid code 17) which are not suspended or abandoned are required to be included in the NPR submission, even if there is no production volume in the month.

## **Automated Submission Validation**

NPR submissions will be validated by OASIS. A submission validation report will be sent back to the operator through ETS. Royalty charges and charge adjustments (prior period amendments) will be generated for the well submissions that pass validation.

## **Royalty Reports**

ETS will send the following royalty reports to operators each month, once the department's processing cycle is completed:

1. **NPR Submission Validation Report** –identifies file validation warnings and errors, as well as lists the wells and well royalty that passed file validation.
2. **NPR Discrepancy Report** –identifies reporting and reconciliation discrepancies after the submission passed file validation
3. **NPR Transaction Detail Report** –identifies the royalty and associated interest transactions created from the well submissions that passed file validation.
4. **Statement of Account** –identifies royalty, penalty, interest, payment, transfer, and refund transactions after each processing cycle; the Statement of Account includes transactions from Project and non-Project financial transactions, transactions are be grouped by Project and non-Project Ids.

## **Amendment to Royalty Charged Prior to OASIS Implementation**

For non-Project well royalties that were calculated prior to the new NPR process implementation, the first amendment in OASIS will be charged the full well royalty, rather than the incremental royalty adjustment. The previous royalty charged will be reversed manually by the department since this information will not be available in OASIS. The charge and reversal will be evident on the operator's Statement of Account.

The XML file specifications, XML Alternative template, file validation edits, and sample royalty reports will be posted on the [OASIS Development Update site](#) in the OASIS Related Resources for Operators section by September 7, 2012. Please note that the XML file format has been refined from the version posted in the June 2012 OASIS Development Update. This change will be communicated in more detail at the next OASIS Discussion Forum, which is scheduled for September 13, 2012. Registration details for this session will be sent to operators in an upcoming Information Bulletin.

Questions regarding this Information Bulletin may be directed to:

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